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ABSTRACT

This booklet contains 1977 amendments to the 1976 edition of the "California School Accounting Manual," as adopted by the California State Board of Education. The amendments are designed to 1) clarify the definitions and improve the methods of distributing direct costs and direct support costs to programs, 2) stress the importance of distributing direct support costs and specify that indirect costs shall be allocated to all programs, and 3) require the submission of a comprehensive supplemental annual financial report that will display the distribution of costs to all programs at the same time. These amendments are effective for the 1978-79 fiscal year. The booklet is designed for use in conjunction with the 1976 "California School Accounting Manual," and is of little value by itself. The amendments are printed and page-numbered to correspond with the pages they supersede in the 1976 edition, so that those pages may be removed and the new pages substituted. (Author/JG)

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EA 010 379

1977 Amendments to the CALIFORNIA SCHOOL ACCOUNTING MANUAL

CALIFORNIA STATE DEPARTMENT OF EDUCATION
Wilson Riles, Superintendent of Public Instruction
Sacramento, 1978

2

1977
Amendments to the
CALIFORNIA SCHOOL ACCOUNTING MANUAL

Officially approved by the
California State Board of Education
in accordance with Education Code sections 41010 and 84030
for required use by California public schools

Prepared under the direction of
Edwin H. Harper, Field Representative
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Bureau of School Apportionments and Reports
with the cooperation of the
California Association of School Business Officials

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1978

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PREFACE

These 1977 amendments to the *California School Accounting Manual,* 1976 edition, were developed by the members of the Accounting and Budgeting Research committees of the California Association of School Business Officials in cooperation with California State Department of Education staff. Upon recommendation of the Educational Management and Evaluation Commission, the California State Board of Education approved the amendments in accordance with Education Code Section 41010.

The amendments do the following:

1. Clarify the definitions and improve the methods of distributing direct costs and direct support costs to programs.
2. Stress the importance of distributing direct support costs, and specify that indirect costs shall be allocated to all programs.
3. Require the submission of a comprehensive supplemental annual financial report (Form J-41A) which will display the distribution of costs to all programs at the same time. This report will replace several separate reports now required.

These amendments are effective for the 1978-79 fiscal year, and an annual financial report for all programs will be due September 1, 1979, based on these provisions.

The 1977 amendments include a comprehensive rewrite of pages I-8 through I-18 and pages III-12 through III-20 (Section B) of the 1976 edition of the *California School Accounting Manual.* The amendments are printed and the pages are numbered to correspond with the pages they supersede in the 1976 edition, so that those pages may be removed and the new pages substituted.

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		Preceding fiscal year (Actual) Col. 1	Last completed fiscal year (Actual) Col. 2	Ensuing fiscal year (Budget) Col. 3
7300	Interfund Transfers (Continued)			
7330	To the Public School Building Fund or to the State School Building Fund from all other funds of the district, any monies of the district which are required to be expended for the project for which such apportionment was made			
7340	From the Bond Interest and Redemption funds, after all principal and interest payments have been made, to the General Fund			
7390	Other authorized interfund transfers			
7400	Other Transfers			
7410	Transfers from funds of lapsed or reorganized school districts to another school district			
7420	Transfers to the County School Service Fund for the education of mentally retarded minors			
7430	Transfers to the County School Service Fund for special education students			
7900	Appropriation for Contingencies	XXXX	XXXX	
	Subtotal			
	TOTAL EXPENDITURES, OTHER OUTGO, AND APPROPRIATION FOR CONTINGENCIES			
	ENDING BALANCE, JUNE 30			
	1. Cash in County Treasury			
	2. Cash in Bank(s)			
	3. Revolving Cash Fund			
	4. Cash Collections Awaiting Deposit			
	5. Investments (at cost)			
	6. Accounts Receivable			
	7. Stores			
	8. Prepaid Expense			
	9. Other Current Assets			
	10. General Reserve, June 30	XXXX	XXXX	
	TOTAL CURRENT ASSETS			
	Less Current Liabilities (reported on Form J-43)			
	NET ENDING BALANCE			
	TOTAL EXPENDITURES, OTHER OUTGO, AND APPROPRIATION FOR CONTINGENCIES PLUS NET ENDING BALANCE			

ANNUAL FINANCIAL AND BUDGET REPORT

	Preceding fiscal year (Actual) Col. 1	*Last completed fiscal year (Actual) Col. 2*	*Ensuing fiscal year (Budget) Col. 3*
INSTRUCTIONAL PROGRAMS			
General Education:			
Preformal			
Elementary			
Secondary			
Regional Occupational Centers or Programs			
Adult			
Total General Education			
Total Special Education			
TOTAL INSTRUCTIONAL PROGRAMS			
SUPPORT SERVICE PROGRAMS (DISTRICT TOTALS)			
Special Projects (Federal and State Categorical Aid Programs)			
Instructional Support:			
Instructional Administration			
Instructional Media			
School Administration			
Total Instructional Support			
Pupil Services			
General Support:			
District and County Superintendents Administration			
Maintenance			
Operations			
Transportation			
Total General Support			
TOTAL SUPPORT SERVICE PROGRAMS			
AUXILIARY PROGRAMS			
Community Services			
Food Services			
Facility Acquisition and Construction			
TOTAL AUXILIARY PROGRAMS			
TOTAL INSTRUCTIONAL PROGRAMS, SUPPORT SERVICE PROGRAMS, AND AUXILIARY PROGRAMS			

	Preceding fiscal year (Actual) Col. 1	*Last completed fiscal year (Actual) Col. 2*	*Ensuing fiscal year (Budget) Col. 3*
OTHER OUTGO			
Tuition			
All Other Outgo			
TOTAL OTHER OUTGO			
Appropriation For Contingencies	XXXX	XXXX	
Net Ending Balances			
GRAND TOTAL, EXPENDITURES FOR INSTRUCTIONAL PROGRAMS, SUPPORT SERVICE PROGRAMS, AUXILIARY PROGRAMS, OTHER OUTGO, AND NET ENDING BALANCES			

PROGRAM CLASSIFICATION DEFINITIONS

The following definitions are applicable to the program categories shown in Exhibit I-C:

Instructional Programs

General Education. The general education instructional programs include preformal, elementary, secondary, regional occupational centers or programs, and adult education.

General education instructional programs are instructional activities designed primarily to prepare pupils for the common activities as citizens, including occupational preparation. Direct instructional program charges include salaries of teachers, including amounts paid for chairing an academic department; aides' salaries; employee benefits; textbooks; instructional supplies; equipment replacement on a piece-for-piece basis; and new equipment.

Examples of services *excluded* as direct charges to instructional programs are maintenance of equipment (to be charged to the maintenance program); field trips (to be charged to the transportation program); and custodial services, utilities, and so forth (to be charged to the operations program).

For exceptions to these examples, see the discussion under Special Projects in this section.

Special Education. Special education instructional programs are direct instructional activities designed primarily to deal with special pupil characteristics of an exceptional nature. The activities are the same as for general education.

Transportation of special education pupils is to be a direct charge to the transportation program and subsequently transferred to the appropriate special education program as a direct support cost.

Life or Grade Span

Preformal means those programs and services provided by the district for children of prekindergarten age.

Elementary means those programs and services provided for pupils enrolled in kindergarten through grade six or kindergarten through grade eight in unified districts, and kindergarten through grade eight in elementary districts.

Secondary means those programs and services provided for pupils in grades seven through twelve or nine through twelve in unified districts, grades nine through twelve in high school districts, or grades seven through twelve in high school districts maintaining junior high schools.

Regional occupational centers or programs (ROC/ROP) means those vocational or technical training programs and services provided as defined in Education Code sections 52300–52330 and California Administrative Code, Title 5, Education, sections 11500–11508.

Adult means those programs and services provided for adults, as defined in Education Code Section 52610 and California Administrative Code, Title 5, Education, sections 10500–10591.

Support Service Programs

Special Projects

Special projects are projects and programs that may have their own project directors; are approved and funded by state, federal, or private agencies and require special project budgets and audits; and may require financial reports. They usually are entirely in support of an instructional program or another support program. Direct charges shall be made to a special project when the expenditure classification has been expressly funded by the donor.

The charging of donor-authorized costs directly to special projects means that the district may never have available the total expenditures made from all funds for various support items such as administration, pupil services, operation, maintenance, transportation, and so forth. Although it is not required for state reporting, the district should display at the end of the fiscal year the total expenditures in each of these support categories by summarizing the expenditures made from general support and categorical aid support; this activity would be most helpful for local management purposes.

Special projects include, but are not limited to, the following programs:

1. Early Childhood Education

2. American Indian Early Childhood Education
3. Educationally Disadvantaged Youth Programs
4. Miller-Unruh Basic Reading Act
5. Bilingual-Bicultural Education
6. Vocational Education Act
7. Elementary and Secondary Education Act, Title I (Regular, Neglected and Delinquent)
8. Elementary and Secondary Education Act, Title IV-B
9. Elementary and Secondary Education Act, Title IV-C
10. Elementary and Secondary Education Act, Title VI
11. Comprehensive Employment and Training Act

Instructional Support

Certificated or classified employees assigned to instructional support programs may not be classified as teachers or instructional aides.

Instructional Administration. Instructional administration is the area of responsibility for the improvement of teaching through a program of leadership, guidance, and assistance to aid teaching staff and to improve curriculum and curriculum materials used by teachers. It consists of supervising instruction, developing and improving curricula and curriculum materials, guiding teachers in the use of instructional materials, administering sabbatical leave, providing for inservice training, and so forth.

Normal direct charges to this program are director(s) or supervisor(s) of elementary and/or secondary instruction or curriculum laboratories, clerks, employee benefits, consultants for inservice training, instructional supplies, office supplies, travel and conference expenses for assigned personnel, equipment replacement, and new equipment.

Expenses for those activities that have as their purpose overall general administrative responsibility for the entire school district or county superintendent's office are not charged here. These expenses shall be charged to the district administration program.

Instructional Media. Instructional media is the program area consisting of those activities whose purpose is to provide resources to support instruction for a school or a school district. Included in this category are the following:

School Library and Audiovisual. A school library and audiovisual program includes responsibility for organizing and managing library books and preparing, caring for, and making available audiovisual equipment, materials, scripts, and other aids to teaching and learning that have special appeal to sight and hearing. Activities include ordering, cataloging, processing, and circulating books and audiovisual materials and equipment; planning for the use of the library by teachers and pupils; selecting books and audiovisual materials; participating in faculty planning for the use of books and audiovisual materials; and guiding teachers and pupils in the use of the library.

Educational Television. An educational television program consists of such activities as writing, programming, and directing educational television programs as a part of the instructional program of the school or district.

Computer Assistance in Instruction. Computer assistance in instruction for a school or a school district consists of such activities as writing, programming, and directing ongoing computer-based instructional programs and instructional management information programs.

Direct charges to the instructional media program shall include salaries for librarians, library clerks, audiovisual personnel, personnel involved in writing, programming, and directing ongoing educational television and computer-based instructional programs; employee benefits; library books, regardless of where they are placed in the district; audiovisual equipment and materials; and library equipment.

Textbooks are not charged here; they are charged to the appropriate instructional program.

Computer assisted instructional activities of an experimental nature are not charged here; they are charged to instructional administration.

School Administration. School administration constitutes those activities that have as their purpose overall administrative responsibility for a single school or several schools (but not a district).

It consists of the activities performed by the principal, assistant principals, and other assistants in the general supervision of all operations of the school; evaluation of the staff members of the school; assignment of duties of staff members; supervision of the records of the school; coordination of school instructional activities with instructional activities of the school district; and so forth.

Pupil Services

Attendance. Attendance includes those activities that promote and improve school attendance of pupils. Attendance services consist of such activities as early identification of patterns of nonattendance, promotion of positive pupil and parent attitudes toward attendance, analysis of causes of nonattendance, early action on problems of nonattendance, and enforcement of compulsory attendance laws. The mechanics of attendance recording and reporting on a districtwide basis is charged to the district administration program.

Welfare. Welfare includes those activities that assist in the prevention or solution of the personal, social, and emotional problems of pupils involving family, school, and community relationships when such problems have a bearing upon the quality of the schoolwork of pupils. It consists of such professional services as diagnosing the problems of pupils arising out of the home, school, or community; undertaking casework services for the child or parent or both; interpreting these problems of pupils for other staff members; and promoting modification of the circumstances surrounding the individual pupil that are related to his or her problem insofar as the resources of the family, school, and community can be brought to bear on the problem. These activities are usually assigned to such staff members as school social workers, visiting teachers, or directors of school social work. Programs providing wearing apparel for children are included here.

Guidance. Guidance includes those activities that help pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; assist pupils in understanding educational and career opportunities; and aid pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. Guidance includes such activities as counseling pupils and parents, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social adjustments, and working with other staff members in planning and conducting guidance programs. Guidance also includes administering psychological tests and managing and planning a program of psychological services for the school system.

Counseling. Counseling covers those activities that supplement the school system reservoir of information identifying the individuality of each pupil, his or her capacities, achievements, interests, potentialities, and needs; study the individual pupil experiencing acute problems of educational development to furnish diagnostic information; and suggest programs concerning the psychological aspects of these problems.

Health. Health covers those activities that provide physical and mental services not directly instructional, such as medical, dental, psychiatric, and nursing services.

Direct charges to the pupil services program shall include salaries of counselors, attendance officers, psychologists, nurses, physicians, psychiatrists, and other personnel authorized in the field of physical and mental health who are employees of the district; salaries of secretaries and clerks; employee benefits; office, medical, dental, and first aid supplies; travel and conference expenses for personnel employed in pupil services; contractual services of personnel who are not on the payroll of the district; and so forth.

General Support

Administration by the Office of the County Superintendent and the District. Those activities that have as their purpose overall general administrative responsibility for the entire county superintendent's office or school district are classed as county/district administration. Administration consists of the activities performed by the county board of education, the school district governing board, and the superintendent and his or her staff, such as deputy, associate, area, and assistant superintendents; business managers; personnel directors; and directors of pupil services for the general direction and management of all affairs of the school district.

Direct charges to this program shall also include salaries of administrative secretaries and clerks and accounting and purchasing personnel; employee benefits for all employees in this program; noninstructional data processing services; duplicating and reproduction services; expenditures for all insurance (other than insurance of a direct-cost type for employee benefits—object classification 3000); and new equipment. The cost of attendance recording and reporting on a districtwide basis is also charged to this program.

Maintenance. Maintenance includes those activities that are required to repair, restore, or renovate school property, including grounds, buildings, and equipment.

Included as charges to this program are salaries and employee benefits for directors and supervisors of maintenance, carpenters, painters, electricians, plumbers, and the like; necessary materials and supplies; rental and replacement of maintenance equipment; and contracts for repair, restoration, or renovation of the grounds, buildings, or equipment, including regrading sites; repairing retaining walls, walks, driveways, sprinkler systems, and playground apparatus or equipment; reseeding lawns; repainting; repairing or replacing roofs, walls, heating and air conditioning units, and electrical and plumbing installations; repairing building fixtures; resurfacing and refinishing floors; moving movable walls or partitions; and repairing equipment—instructional and noninstructional.

Examples of items to be *excluded* are materials which must be replaced frequently, such as light bulbs and fluorescent tubes, fuses, and so forth. These items must be charged to the operations program.

Changes of partitions (nonmovable type), walls, and roof structures should be charged to the facilities acquisition and construction program.

Operations. Operations are those housekeeping activities concerned with keeping the physical plant open and ready for use. Included are cleaning and disinfecting; heating and lighting; communications; maintenance of power; moving of furniture; caring for grounds; garbage and trash disposal; laundry and drycleaning service, including the rental of towels; rental of equipment such as floor polishers; soft water service; and such other housekeeping activities as are repeated somewhat regularly on a daily, weekly, monthly, or seasonal basis.

Salaries and the employee benefits to be charged to this program include those for directors and supervisors of operations, custodians, guards, gardeners, telephone switchboard operators, truck drivers, operations clerks, security personnel, and the like.

Supplies normally charged to this program include brooms, brushes, disinfectants, fuses, garbage cans, light bulbs and fluorescent tubes, mops, wax, soap, toilet paper, towels, outdoor flags, weed killers, fertilizers, and so forth.

Transportation. Transportation means the conveying of pupils to and from school activities, either between home and school or on trips to school activities.

Direct charges to the pupil services program shall include salaries and the respective employee benefits for directors and supervisors, bus drivers, clerks, and mechanics; gas, oil, tires, and supplies for the repair and maintenance of the buses; contracts for outside repair; contracts with individuals, other districts, or firms for transporting pupils; rental of buses; replacement of buses; and the purchase of new equipment, including buses.

Repair and maintenance of other district-owned vehicles shall be a direct charge to the maintenance program.

Auxiliary Programs

Community Services. Community services are those activities that have as their purpose community and school recreation and other activities authorized by the Civic Center Act (Education Code Section 40040 et seq.), the Community Recreation Act (Education Code Section 10900 et seq.), and Duty-free Lunch Periods for Teachers (Education Code sections 44813 and 44814).

Salaries and employee benefits for playground directors, noon supervisors, clerks, and other instructional or recreational personnel and the necessary expenditures to conduct activities under these acts are recorded as direct charges to this program.

Food Services. Food services includes management of the food services program of the school or school district, including the preparation and serving of regular and incidental meals, lunches, or

snacks in connection with school activities and the delivery of food.

Direct charges to this program shall include salaries and the respective employee benefits for directors and supervisors, managers, cooks, helpers, bookkeepers, and clerks; food; meals for needy pupils; operating supplies; replacement of equipment; costs of vehicles used in the delivery of food to various locations; and additional equipment purchased for centralized services.

Facilities Acquisition and Construction. Facilities acquisition and construction includes the acquisition of land and buildings; major remodeling of buildings; construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; initial improvements to sites; and books and equipment for new buildings.

The salaries and other expenses of school district employees assigned specifically to facilities acquisition and construction, or architects, engineers, and contractors hired for capital improvement projects are recorded in this program.

Expenditures for all repairs to building structures (except repairs that add to existing facilities) are recorded in the maintenance program.

As a general guide concerning repairs to building structures, if changes of partitions (nonmovable type), the roof structure, or walls are *not* involved, the expenditures are recorded in the maintenance program; if such changes *are* involved, the expenditures are recorded in the facilities acquisition and construction program. Expenditures for the initial installation and extension of service systems and other built-in fixtures in existing buildings are recorded in the facilities acquisition and construction program, and expenditures for repairs and replacements of service systems and other built-in fixtures are recorded in the maintenance program.

Expenditures for nonconsumable articles generally classified as supplies, but necessary to start or materially expand the equipping of a school, classroom, a specified area other than a classroom, or another facility shall be charged as equipment to the facilities acquisition and construction program. Examples are small tools, dishes, utensils, pencil sharpeners, staplers, and library books.

Other Outgo

Debt Service. Debt service consists of expenditures for the retirement of debt and for interest on debt, except principal and interest on current loans (money borrowed and repaid during the same year).

Outgoing Tuition. Outgoing tuition is tuition for junior high school, tuition for instruction under interdistrict attendance agreements, tuition for regional occupational centers and programs, and other tuition.

Interfund Transfers. Interfund transfers consist of various transfers from the General Fund to various other funds and from the various funds to the General Fund.

Appropriation for Contingencies. Appropriation for contingencies is that portion of the current fiscal year's appropriation that is not designated for any specific purpose but is held subject to intrabudget transfers.

Site or Operational Unit

Instructional and support programs may be identified by school site, location, or operational unit in order to provide additional management information relative to the total operation of a district.

Object by program		Instructional programs (General and special education)	Support service programs						
			Instructional support				Pupil services		
			Instructional administration	*Instructional media*	*School administration*	Special projects	*Attendance/ welfare*	*Guidance/ counseling*	*Health*
4000	**Books, Supplies, and Equipment Replacement**								
4100	Textbooks	X		X		X			
4200	Other Books	X		X		X			
4300	Instructional Supplies	X	X	X		X			
4410	Instructional Media Materials			X		X			
4420	Instructional Media Supplies			X		X			
4500	Other Supplies		X	X	X	X	X	X	X
4600	Pupil Transportation Supplies					X			
4710	Food Services—Food					X			
4720	Food Services—Meals for Needy Pupils					X			
4790	Other Food Services Supplies					X			
4800	Equipment Replacement	X	X	X	X	X	X	X	X
5000	**Contracted Services and Other Operating Expense**								
5100	Personal Services—Consultants, Lecturers, and Others	X	X	X		X			X
5200	Travel and Conference Expense	X	X	X	X	X	X	X	X
5300	Dues and Memberships								
5410	Insurance—All, Including Pupil Insurance								
5500	Utilities and Housekeeping Services					X			
5600	Contracts, Rents, and Leases	X		X		X			
5700	Legal, Election, and Audit Expense								
5800	Other Services and Expenses—Administrative								
6000	**Sites, Buildings, Books and Media, and New Equipment**								
6100	New Sites and Improvement of Sites								
6200	New Buildings and Improvement of Buildings								
6310	Books for New or Expanded Libraries			X		X			
6320	Media for New or Expanded Libraries			X		X			
6410	Audiovisual Equipment			X		X			
6420	Library Equipment			X		X			
6430	Food Service Equipment								
6440	Pupil Transportation Equipment								
6490	All Other Equipment	X	X	X	X	X	X	X	X

Exhibit I-D-1 (Continued)

NORMAL OBJECT CLASSIFICATION OF EXPENDITURES BY MAJOR PROGRAM FUNCTIONS

Object by program		Instructional programs *(General and special education)*	Support service programs						
				Instructional support			Pupil services		
			Special projects	*Instructional administration*	*Instructional media*	*School administration*	*Attendance/ welfare*	*Guidance/ counseling*	*Health*
1000	**Certificated Personnel Salaries**								
1100	Teachers' Salaries	X	X						
1200	School Administrators' Salaries					X			
1300	Supervisors' Salaries		X	X	X				
1400	Librarians' Salaries				X				
1500	Guidance, Welfare, and Attendance Personnel Salaries						X	X	
1600	Physical and Mental Health Personnel Salaries								X
1700	Superintendents' Salaries								
1800	Other Certificated Salaries—Administrative Office Personnel								
1900	Other Certificated Personnel Salaries—Various Functions			X					
2000	**Classified Personnel Salaries**								
2100	Instructional Aides	X	X						
2200	Classified Salaries—County Superintendents' Offices and District Administrative Personnel								
2300	Clerical and Other Office Personnel Salaries		X	X	X	X	X	X	X
2400	Maintenance and Operations Personnel Salaries								
2500	Food Service Personnel Salaries								
2600	Transportation Personnel Salaries								
2900	Classified Personnel Salaries—Other		X	X	X	X	X	X	X
3000	**Employee Benefits**								
3100	State Teachers' Retirement System Fund	X	X	X	X	X	X	X	X
3200	Public Employees' Retirement System Fund	X	X	X	X	X	X	X	X
3300	O.A.S.D.H.I.	X	X	X	X	X	X	X	X
3410	Health and Welfare Benefits—Teachers and Aides	X	X						
3420	Health and Welfare Benefits—All Other Employees		X	X	X	X	X	X	X
3510	Unemployment Insurance—Teachers and Aides	X	X						
3520	Unemployment Insurance—All Other Employees		X	X	X	X	X	X	X
3600	Workers' Compensation Insurance	X	X	X	X	X	X	X	X
3900	Other Benefits	X	X	X	X	X	X	X	X

Object by program		Instructional programs (General and special education)	Support service programs					
				Instructional support			Pupil services		
			Special projects	Instructional administration	Instructional media	School administration	Attendance/ welfare	Guidance/ counseling	Health
4000	**Books, Supplies, and Equipment Replacement**								
4100	Textbooks	X	X						
4200	Other Books	X	X		X				
4300	Instructional Supplies	X	X	X	X				
4410	Instructional Media Materials		X		X				
4420	Instructional Media Supplies		X		X				
4500	Other Supplies		X	X	X	X	X	X	X
4600	Pupil Transportation Supplies								
4710	Food Services—Food		X						
4720	Food Services—Meals for Needy Pupils		X						
4790	Other Food Services Supplies		X						
4800	Equipment Replacement	X	X	X	X	X	X	X	X
5000	**Contracted Services and Other Operating Expens**								
5100	Personal Services—Consultants, Lecturers, and Others	X	X	X	X				X
5200	Travel and Conference Expense	X	X	X	X	X	X	X	X
5300	Dues and Memberships								
5410	Insurance—All, Including Pupil Insurance								
5500	Utilities and Housekeeping Services		X						
5600	Contracts, Rents, and Leases	X	X		X				
5700	Legal, Election, and Audit Expense								
5800	Other Services and Expenses—Administrative								
6000	**Sites, Buildings, Books and Media, and New Equipment**								
6100	New Sites and Improvement of Sites								
6200	New Buildings and Improvement of Buildings								
6310	Books for New or Expanded Libraries		X		X				
6320	Media for New or Expanded Libraries		X		X				
6410	Audiovisual Equipment		X		X				
6420	Library Equipment		X		X				
6430	Food Service Equipment								
6440	Pupil Transportation Equipment								
6490	All Other Equipment	X	X	X	X	X	X	X	X

Exhibit I-D-1 (Continued)

NORMAL OBJECT CLASSIFICATION OF EXPENDITURES BY MAJOR PROGRAM FUNCTIONS

Object by program		Support service programs				Auxiliary programs			Other outgo
		General support							
		District/ county superintendents administration	*Maintenance*	*Operations*	*Transportation*	*Community services*	*Food services*	*Facilities acquisition and construction*	
1000	**Certificated Personnel Salaries**								
1100	Teachers' Salaries								
1200	School Administrators' Salaries								
1300	Supervisors' Salaries	X							
1400	Librarians' Salaries								
1500	Guidance, Welfare, and Attendance Personnel Salaries								
1600	Physical and Mental Health Personnel Salaries								
1700	Superintendents' Salaries	X							
1800	Other Certificated Salaries–Administrative Office Personnel	X				X			
1900	Other Certificated Personnel Salaries–Various Functions								
2000	**Classified Personnel Salaries**								
2100	Instructional Aides								
2200	Classified Salaries–County Superintendents' Offices and District Administrative Personnel	X	X	X	X		X		
2300	Clerical and Other Office Personnel Salaries	X	X	X	X	X	X		
2400	Maintenance and Operations Personnel Salaries		X	X				X	
2500	Food Service Personnel Salaries						X		
2600	Transportation Personnel Salaries				X				
2900	Classified Personnel Salaries–Other	X	X	X	X	X		X	
3000	**Employee Benefits**								
3100	State Teachers' Retirement System Fund	X				X	X		
3200	Public Employees' Retirement System Fund	X	X	X	X	X	X	X	
3300	O.A.S.D.H.I.	X	X	X	X	X	X	X	
3410	Health and Welfare Benefits–Teachers and Aides								
3420	Health and Welfare Benefits–All Other Employees	X	X	X	X	X	X	X	
3510	Unemployment Insurance–Instructional Aides								
3520	Unemployment Insurance–All Other Employees	X	X	X	X	X	X	X	
3600	Workers' Compensation Insurance	X	X	X	X	X	X	X	
3900	Other Benefits	X	X	X	X	X	X	X	

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	Object by program	Support service programs				Auxiliary programs			Other outgo
		General support							
		District/ county superintendents administration	*Maintenance*	*Operations*	*Transportation*	*Community services*	*Food service*	*Facility acquisition and construction*	
4000	**Books, Supplies, and Equipment Replacement**								
4100	Textbooks								
4200	Other Books								
4300	Instructional Supplies								
4410	Instructional Media Materials								
4420	Instructional Media Supplies								
4500	Other Supplies	X	X	X	X	X	X	X	
4600	Pupil Transportation Supplies				X				
4710	Food Services—Food						X		
4720	Food Services—Meals for Needy Pupils						X		
4790	Other Food Service Supplies						X		
4800	Equipment Replacement	X	X	X	X	X	X		
5000	**Contracted Services and Other Operating Expense**								
5100	Personal Services—Consultants, Lecturers, and Others								
5200	Travel, Conference, and Other Expense	X	X	X	X	X	X		
5300	Dues and Memberships	X							
5410	Insurance—All, Including Pupil Insurance	X							
5500	Utilities and Housekeeping Services			X					
5600	Contracts, Rents, and Leases	X	X	X	X	X	X	X	
5700	Legal, Election, and Audit Expense	X							
5800	Other Services and Expenses—Administrative	X							
6000	**Sites, Buildings, Books and Media, and New Equipment**								
6100	New Sites and Improvement of Sites							X	
6200	New Buildings and Improvement of Buildings							X	
6310	Books for New or Expanded Libraries							X	
6320	Media for New or Expanded Libraries							X	
6410	Audiovisual Equipment							X	
6420	Library Equipment							X	
6430	Food Service Equipment						X	X	
6440	Pupil Transportation Equipment				X				
6490	All Other Equipment	X	X	X	X	X	X	X	
7000	**Other Outgo**								
7100	Debt Service								X
7200	Outgoing Tuition								X
7300	Interfund Transfers								X
7400	Other Transfers								X
7900	Appropriation for Contingencies								X

Exhibit I-E

California State Department
of Education
Bureau of School Apportionments
and Reports
Form No. J-41-A

Supplemental Annual Financial Report, 19__-19__
Part I—General Fund

School district	County

Type of program	Direct costs	Direct support costs Out (-) In (+)	Total direct and direct support costs (Col. 1 + Col. 2)	Indirect costs Out (-) In (+)	Program costs before distribution of special project costs (Col. 3 + Col. 4)	Capital outlay	
						Capital outlay included in program costs	Allowed capital outlay for cost to income comparison
	1	2	3	4	5	6	7
INSTRUCTIONAL PROGRAMS							
General Education:							
Preformal							
Elementary							
Secondary							
Regional Occupational Center or Program							
Adult							
Total, General Education							
Special Education:							
Physically handicapped							
Special day classes							
Regular day classes							
Remedial physical education							
Other remedial instruction, speech							
Individual instruction, home and hospital							
Special speech instruction, aides							
Special blind allowance							
Educable mentally retarded							
Special class							
Regular class, by aides							
Trainable mentally retarded							
Special class							
Transportation							
PH/TMR/autistic							
To state school or other district							
Educationally handicapped							
Special day classes (EH plus autistic)							
Learning disability group							
Home and hospital							
Regular class, instructional aide							
Special consultation allowance							
Mentally gifted minors							
Special day classes and other programs							
Identification allowance							
PH in ROC (not concurrently enrolled)							
Visually handicapped persons							
Deaf persons							
Orthopedically handicapped persons							
Master Plan for Special Education							
Special class							
Resource specialist							
Designated instruction and services							
Nonpublic schools							
Total, Special Education							
TOTAL, INSTRUCTIONAL PROGRAMS			[a]				

Exhibit I-E (Continued)

Type of program	Direct costs	Direct support costs Out (-) In (+)	Total direct and direct support costs (Col. 1 + Col. 2)	Indirect costs Out (-) In (+)	Program costs before distribution of special project costs (Col. 3 + Col. 4)	Capital outlay	
						Capital outlay included in program costs	Allowed capital outlay for cost to income comparison
	1	2	3	4	5	6	7
SUPPORT SERVICES PROGRAMS							
Special Projects**							
Early childhood education							
American Indian ECE							
Educationally Disadvantaged Youth Program							
Miller-Unruh Basic Reading Act							
Bilingual-bicultural education							
Vocational Education Act							
ESEA, Title I:							
Regular							
Neglected and delinquent							
ESEA, Title IV-B							
ESEA, Title IV-C (Innovative projects)							
_____							
ESEA, Title VII							
Comprehensive Employment and Training Act							
_____							
_____							
_____							
Total, Special Projects			b*				
Instructional Support							
Instructional Administration							
Instructional Media							
School Administration							
Total, Instructional Support							
Pupil Services							
General Support							
District Administration							
Maintenance							
Operations							
Transportation							
Total, General Support							
TOTAL, SUPPORT SERVICES PROGRAMS (without Special Projects)			d*				
AUXILIARY PROGRAMS							
Community Services							
Food Services							
Facilities Acquisition and Construction							
TOTAL, AUXILIARY PROGRAMS			c*				
TOTAL EXPENDITURES, INSTRUCTIONAL, SUPPORT SERVICES, AND AUXILIARY PROGRAMS		-0-		-0-			
OTHER OUTGO							
Tuition							
All Other Outgo							
TOTAL, OTHER OUTGO							
TOTAL EXPENDITURES AND OTHER OUTGO		-0-		-0-			

* The formula for determining the indirect cost rate is:

$$\text{Indirect cost rate} = \frac{\text{Col. 3 (d)}}{\text{Col. 3 (a + b + c)}}$$

**The special projects listed are not all inclusive, but only some examples of current projects. The list will be revised each year for data collection purposes.

7230 ***Tuition for Instruction Provided in a Tuberculosis or Polio Ward***

Record tuition for education provided in a tuberculosis or polio ward, hospital, or sanatorium maintained by a county or group of counties (Education Code sections 6851–6855) [56750–56752].

7240 ***Tuition and Transportation of Children Attending Classes for Handicapped***

Record tuition and transportation costs of children attending classes for physically handicapped (Education Code sections 894 and 6806 [1850 and 56709]; educationally handicapped (Education Code Section 6751) [56602]; multiply handicapped (Education Code Section 6871) [56031]; and mentally retarded (Education Code sections 895, 6904, and 6910) [1880, 56519, and 56529] maintained by a county superintendent of schools or by other school districts.

7250 ***Tuition for Regional Occupational Centers or Programs (Current Expense)***

Record tuition paid (for current expense only) to those regional occupational centers or programs operated under a joint powers agreement. (See object classification 7290, ***Other Tuition***, for regional occupational centers or programs operated by other school districts.)

7260 ***Tuition for Regional Occupational Centers or Programs (Capital Outlay)***

Record tuition paid (for capital outlay expense only) to regional occupational centers or programs operated by other school districts or county superintendents of schools; and regional occupational centers operated under a joint powers agreement.

7270 ***Tuition for Nonimmigrant Children, Noncitizen Children, and Children Residing in Foster Homes and Children's Institutions*** (Education Code sections 6950–6957) [42900–42911].

7280 ***Tuition for Exceptional Children***

Record tuition paid for the education of exceptional children for whom no appropriate special education facilities and services are available or can be provided (Education Code sections 6870–6874.6 and 7017) [56030–56038 and 56332].

7290 ***Other Tuition***

Record tuition paid (for current expense only) to those regional occupational centers or programs operated by other school districts not under a joint powers agreement. Also record tuition not otherwise identified.

Note

Interdistrict payments for specific services provided by one school district for another (such as health, administration, instruction, or transportation services provided the pupils of one district by another district) should be charged to object classification 5600, ***Contracts, Rents, and Leases***, and to the appropriate program for the service. When such an interdistrict payment is received, it must be accounted for and recorded on any financial reports of the district receiving the payment as a reduction of the expense for such service.

Example:

Two school districts contract with each other for pupil transportation services. The following procedure is used in reporting such transactions:

District A, which receives pupil transportation services, charges object classification 5600, ***Contracts, Rents, and Leases***, and the Pupil Transportation program.

District B, which performs the services, records income (reimbursement from district A) as an ***abatement*** to the appropriate object of expenditure for such services and thereby reduces the expenditure charged to the Pupil Transportation program. (Objects of expenditure that may be abated for such income are classification 2600 for salaries, appropriate subclassifications of the 3000 series for employee benefits, classification 4600 for supplies, classification 4800 for equipment

NOTE: Education Code section numbers enclosed in brackets on this page and on page III-12 are new numbers reflecting the reorganized Education Code under Chapters 1010 and 1011, Statutes of 1976. Beginning with Section B on page III-12, only new Education Code numbers are cited.

replacement, classification 6440 for new equipment, and any others appropriately charged in the performance of the service.)

If the actual expenditures for abatement purposes cannot be identified, the total income received shall be allocated on a reasonable basis to object classifications 2600, 3000, and subclassifications 4600, 4800, 6440, and others; and to the appropriate program.

The gross amount expended, the amount recovered by payments from one or more other districts, and the net amount of expense are desirable for local cost studies. Costs should be available for state reports if requested.

For accounting of interdistrict payments for cooperative projects, see section III-C of this manual.

7300 ***Interfund Transfers***

Record the following transfers:

7310 ***From the General Fund to the Child Development Fund and the Development Centers for Handicapped Pupils Fund*** (Education Code Section 17201 [41013] and California Administration Code, Title 5, Education, sections 15050–15052)

7320 ***Between the General Fund and the Special Reserve Fund*** (Education Code sections 21401–21404) [42840–42843]

7330 ***To the Public School Building Fund or to the State School Building Fund from All Other Funds of the District*** (Education Code sections 19447 and 19624) [15746 and 16095]

Record transfers of any monies of the district that are required to be expended for the project for which such apportionment was made.

7340 ***From the Bond Interest and Redemption Fund to the General Fund***

Record transfers of monies from the Bond Interest and Redemption Fund, after all principal and interest payments have been made, to the General Fund or to the Special Reserve Fund (Education Code sections 22055-22056) [15234-15235].

7390 ***Other Authorized Interfund Transfers***

7400 ***Other Transfers***

7410 ***From Funds of a Lapsed or Reorganized School District to Another School District*** (Education Code Section 2705) [35724]

7420 ***To the County School Service Fund for the Education of Mentally Retarded Minors***

Record transfers in school districts with less than 901 units of average daily attendance in the elementary schools of the district (Education Code Section 895) [1880]. The funds are raised by a special tax and transferred by the county auditor.

7430 ***To the County School Service Fund for Special Education Students*** (Education Code Section 885.5) [1705]

7900 ***Appropriation for Contingencies*** (formerly Undistributed Reserve)

Appropriation for contingencies is that portion of the current fiscal year's appropriation that is not designated for any specific purpose but is held subject to the intrabudget transfer; that is, transfer to other specific appropriations as needed during the fiscal year. No expenditure shall ever be recorded under this classification; it is an appropriation classification only.

SECTION B

Direct Costs, Direct Support Costs, and Indirect Cost Distribution

The distribution of direct costs to all programs and the subsequent distribution of direct support and indirect costs provides the means for assessing the fiscal impact of operating all programs. This kind of cost identification is critical to the development of a meaningful management information system.

Methods of allocation of direct costs and distribution of direct support charges and indirect charges are presented herein for determination of total program costs.

Direct Costs

Direct costs are those expenses which can be charged directly as a part of the cost of a product

or service, of a department or operating unit, or of a program. Direct costs are distinguished from *direct support* costs, which can be distributed among one or more programs, and *indirect* costs, which *must* be distributed to all instructional programs, special projects, and auxiliary programs.

All direct costs charged to programs are classified as objects of expenditure. These objects of expenditure are discussed in detail in Part III, Section A. (See also Exhibit I-D-1, Normal Object Classification of Expenditures by Major Program Functions.)

Direct costs should be charged to the program most clearly identified with the purpose for the cost. Examples of costs easily identified with a particular program are teachers' salaries, bus drivers' salaries, and textbooks.

Other direct costs such as employee benefits, substitute teachers' salaries, and miscellaneous instructional supplies—costs that are not so easily related to specific programs—may be charged to holding (suspense) programs for subsequent reallocation to using programs.

Direct Cost Prorations

Direct cost prorations may be defined as the assignment or distribution of costs to programs in proportion to the benefits such expenditures provide in accordance with a formula or other equitable procedure. Two kinds of direct costs require proration: those charged to a holding program for subsequent reallocation and those split between two or more programs at the time of initial recording of the costs.

Holding Programs

The holding program is a suspense account, which holds the costs temporarily until they are assigned to the appropriate using program. Direct costs such as employee benefits, substitute teachers' salaries, and miscellaneous instructional supplies are difficult to assign directly because they are lump sum payments. The use of holding programs facilitates timeliness of detail accounting processes and allows for clear determination of the appropriate placement of charges.

Substitute teacher salaries. The method of allocating the costs of short- and long-term substitute teachers should be based upon the number of certificated teaching personnel eligible for substitutes. Since the salaries of substitutes may be considered a fringe benefit of the teacher and a normal cost of all programs, both long- and short-term substitutes' salaries may be charged to all programs on a pro rata basis.

The total cost of employing substitutes may be divided by the number of eligible certificated teaching personnel and allocated to the programs in proportion to the number of eligible certificated teachers in the program. Collecting these costs by site may be preferred so that the proration is relative to experience at each site. The proration is made monthly from a holding program in General Support.

Employee benefits. It is recommended that the holding program for employee benefits be located in General Support. For example, the personnel program might be used for holding purposes. The proper object of expenditure is used with the initial charge to the holding program, as in the following example:

	Detailed expense code			Amount	
Description	Site	Object	Program	Debit	Credit
STRS Fund Expense (holding)	500	3100	XXX	$20,000	
Cash in County Treasury	500	9100	XXX		$20,000
Instructional Program Employee Benefit Expense	181	3100	XXX	2,500	
STRS Fund Expense (Holding)	500	3100	XXX		2,500

NOTE: The two entries represent (a) the initial recording of a State Teachers' Retirement System Fund disbursement in its proper object and holding program, and (b) the subsequent proration of a share of the State Teachers' Retirement System Fund from the holding program to an instructional program. For purposes of making this employee benefit expense allocation, factors may be established in the payroll system representing amounts per certificated employee and amounts per classified employee, respectively.

Miscellaneous instructional supplies. Miscellaneous instructional supplies that are not identifiable with specific instructional programs at the time of purchase should be charged to a holding program (subclassification of object of expenditure classification 4300) in the instructional administration or instructional media programs for subsequent distribution. The miscellaneous supplies should be allocated monthly to the instructional programs based on actual usage or on the ratio of

each program's enrollment to the total accumulated enrollment of all instructional programs.

Two or More Programs

Salaries of personnel working in two or more programs are prorated on the basis of time spent in each program. Equipment and services utilized by more than one program are prorated on the basis of equipment usage and the percent of service provided to each program.

Direct Support

Direct support charges constitute a reallocation of portions of the direct costs accumulated in the various support programs. In order to comply with the requirements of the Annual Financial Report of Programs as well as requirements of certain other programs for which these direct support charges are required for state reporting, each district superintendent and county superintendent shall allocate the portions of the direct costs in the support programs for services rendered to the instructional programs, special projects, and auxiliary programs. The following criteria may be applied to identify a charge as direct support:

1. The costs of services are *readily* and *reasonably* identified as support to a particular program.
2. The administrator of the using program usually has some control over, or responsibility for, the costs of services.
3. The costs of services in question would no longer be necessary if the using program were discontinued.

One example of a direct support charge is the cost for a field trip charged (debited) to an instructional program and credited to the transportation program—a service that was specifically requested for an instructional program beyond the normal home-to-school transportation services provided to students.

Another example is the salary, or prorated portion of the salary, of a psychologist who provides a specific service to a special education instructional program.

Direct costs of support programs also may be charged to other support programs as direct support charges. For example, the instructional media program requests maintenance on its equipment; the cost of the time and material is shown initially as a direct cost of the maintenance program but subsequently is distributed as a direct support charge to the instructional media program.

Auxiliary programs, such as food services, may be subject to the distribution of direct support charges to or from other programs. For example, the direct costs of special preschool meals initially are charged to the food services program and subsequently distributed as direct support charges to the preschool program.

As another example, the direct costs of custodial services are initially charged to the operations program and then distributed as direct support charges to the food services program.

If a support program's services directly benefit other programs—such as transportation services provided to an instructional program for a field trip—the costs should be charged to the using instructional program in much the same way that an outside firm would charge for its services. The charge is actually a transfer of costs by the use of an interprogram charge and credit transfer.

Several methods may be used to accumulate and allocate direct support charges. The intent of this section is to authorize sufficient alternative methods to meet individual needs while at the same time maintaining a system that develops reasonable comparable data among all school districts and offices of county superintendents of schools. One or more alternative methods shall be available for each support and auxiliary program to be used in determining direct support charges. The methods are shown for each program in Figure III-1.

Description of Methods

Some methods that may be used to allocate direct support charges are the following:

Time-and-materials method. The costs of salaries and benefits are accumulated in proportion to the actual time spent and the cost of materials used (if any) on a given assignment.

Example:

> The salary and benefits of the director of special education are a direct charge to the district administration program. The charges are prorated to each special education program based on the actual time spent and the cost of any materials used.

Support service program	Method						
	Time and materials	Rate per mile	Work order	A.d.a. or enrollment	Time-floor area	Hour consumption	Quantity consumed
Instructional Administration	X						
Instructional Media	X		X				
School Administration	X						
Pupil Services[a]	X			X			
District Administration	X		X				
Maintenance	X		X				
Operations	X				X	X	X
Transportation[a]	X	X		X[b]		X	

[a] These support programs will have no residual costs remaining to be distributed as indirect costs.
[b] Pupils actually transported.

Figure III-1. Methods of Allocating Direct Support Costs from Support Service Programs to Instructional Programs, Special Projects, and Auxiliary Programs

Rate per mile method. Under the rate per mile method, the total costs of operating a vehicle are divided by the number of miles driven. This formula may be based on the prior year's costs or on estimated costs for the current year.

Work order method. A variation of the time and materials method is the work order method whereby charges for time for a specific job performed for a program and the cost of the materials used are accumulated on work orders by the servicing program. The total cost from the work order is transferred as a direct support charge to the using program. For example, a printing department maintains a work order system for each job performed for all other programs in the district.

When actual costs cannot be readily identified, then some method of proration must be used.

Average daily attendance or enrollment method. The average daily attendance or enrollment method is a way of prorating costs by taking the ratio of the pupils in an individual program to the total pupils served by the support program. This is a simple method in which the assumption is made that all pupils are served equally.

Example:

A team of psychologists serves three special education programs: Program A, with 30 students; Program B, with 20 students; and Program C, with 25 students. A ratio is established between the number of students in each program and the total number in the three special education programs served by this team. The total cost of the psychologists' salaries and benefits is $6,700 per month. The cost is allocated among the programs, 40 percent ($2,680) to Program A; 27 percent ($1,809) to Program B; and 33 percent ($2,211) to Program C.

Time-floor area method. The time-floor area method is used to prorate expense to a given program on the basis of the floor area occupied by the program in proportion to the total floor area and the percent of time such floor area is used.

Example:

The cost of treatment for an existing plant floor area of 60,000 square feet is $1,000. One-third of the total area, or 20,000 square feet, is used for equal amounts of time by classes for adults and classes for each of grades nine through twelve. The classes for adults consume one-fifth of the class time; therefore, the amount of expense distributed to classes for adults is one-fifth of one-third of $1,000, or $66.67.

Hour-consumption method. Proration of an expenditure by the hour-consumption method is made by charging the program in proportion to the length of time the program uses the facilities.

Example:

Classes for the mentally retarded use certain school facilities. Expenditures for water, electricity, and heat are prorated on the basis of the hours the building is used for classes for the mentally retarded in proportion to the amount of time the building is used for all types of classes.

Quantity-consumed method. The quantity-consumed method is used to prorate expense to a given program in proportion to the actual amount of supplies consumed.

Example:

Paper towels are purchased at a cost of $1,000. One-tenth of the towels are used by recreational groups in the community service program. Ten percent, or $100, is a proper charge to this activity.

After an allocation of support program charges has been made, the cost of a support program will appear as total direct costs plus direct support costs from other programs, less direct support charges to other programs. The cost of an instructional program will appear as total direct costs plus direct support charges.

Direct support program charges shall be distributed, but they should be shown separately and as an addition (debit) to the programs they *directly* support. As direct support program charges are added to other programs, a like amount will be subtracted from (credited to) the support programs from which the charges were distributed.

Application of Methods

Special Projects

Special projects are unique in that they have their own funding and are entirely in support of an instructional program or another support program. The donor-authorized support services have already been charged as direct costs to the special projects, so no further distribution is necessary unless the district provides local or general state aid support for these projects.

SPECIAL NOTE: The distribution of the special projects to the instructional programs is at the discretion of the district and is *not* required for state reporting. However, the special projects shall *not* be distributed to the instructional programs until after the indirect costs have been applied.

The method of allocating district contributions as direct support charges to special projects shall be as follows:

1. Salaries of the district director of projects, salaries of clerks, employee benefits, supplies, and other costs charged directly to the district administration program–time and materials method
2. Instructional media service costs and media equipment rental–time and materials or work order method
3. Pupil services costs, such as salaries for psychologists and nurses, employee benefits, special testing, and physical examinations–time and materials method
4. Custodial and other operations costs–time and materials method, time-floor area method, or quantity-consumed method
5. Food services costs–time and materials or quantity-consumed method
6. All other charges–time and materials method

Instructional Support

Costs of services that are readily and reasonably identifiable within the instructional administration, instructional media, and school administration programs, which support various instructional and auxiliary programs, shall be transferred to the using program through the use of an interprogram charge and credit transfer. Examples of such costs are elementary and secondary supervisors' and clerks' salaries and employee benefits; costs of services for the use of instructional media and costs of media equipment rental for a particular program; principals' and clerks' salaries; employee benefits; and supplies. All remaining costs shall be distributed as indirect costs as shown on page III-18.

Pupil Services

All pupil services costs shall be distributed as direct support charges through the use of an interprogram charge and credit transfer. No residual costs will remain in this support service to be distributed as indirect costs.

Attendance and welfare. Attendance and welfare costs shall be distributed on an enrollment or a.d.a. basis to all instructional programs. Exception: costs of attendance and welfare personnel that are assigned to a particular plant, such as a high school, shall be direct support costs based on the time-and-materials method.

Guidance and counseling. Guidance and counseling costs that are readily and reasonably identified shall be distributed on a time-and-materials basis.

Example:

A counselor is assigned to a given site, such as a high school. The salary and employee benefits of the counselor and the clerks and any materials used are charged to the appropriate instructional programs.

If a time-and-materials system is not feasible, then the distribution shall be on an enrollment or a.d.a. basis.

Health. Health costs shall be distributed on the basis of time and materials. Examples are salaries and employee benefits of psychiatrists and nurses, special testing, and physical examinations that are distributed to the applicable instructional pro-

grams. If the time-and-materials basis is not feasible, then the costs shall be distributed on an enrollment or a.d.a. basis.

General Support

County superintendent and district administration. District and county superintendent administrative costs shall be distributed using the time-and-materials method for those costs that are readily and reasonably identifiable. The work order method shall be used for administrative services such as noninstructional data processing, printing, and duplicating services.

The remaining administrative costs shall be distributed as indirect costs, as described on page III-18.

Maintenance services. All maintenance services that are readily and reasonably identifiable shall be transferred to the using program by the use of an interprogram charge and credit transfer. The charges shall be the actual costs of providing the service, based on a work order system or a time-and-materials basis of charges.

Examples of maintenance services are maintenance and repair of driver training vehicles and equipment; maintenance and repair of instructional equipment used in the classroom; and maintenance and repair of food service equipment.

The remaining maintenance costs shall be distributed as indirect costs, as described on page III-18.

Operations services. Operations services that are readily and reasonably identifiable shall be transferred to the using program by the use of an interprogram charge and credit transfer. Operations services that shall be charged as direct support to the using program include site custodial salaries, employee benefits, supplies, utilities, laundry and dry cleaning, uniform repair, and other services performed for the benefit of a particular program. As applicable, the time and materials, time-floor area, quantity consumed, or the hour-consumption method shall be used.

The remaining operations costs shall be distributed as indirect costs, as described on page III-18.

Transportation services. Costs of transportation services shall be transferred as direct support costs to all the programs and projects utilizing these services by the use of an interprogram charge and credit transfer in the following manner:

1. All field trips shall be charged to the using program based on one of the following methods:
   a. Actual charges from the bus contractor
   b. Fixed rate per mile based on prior year costs or estimated costs for the current year
   c. Fixed rate per mile plus hourly rate charges per trip
2. Transportation costs for physically handicapped, trainable mentally retarded, or autistic students and costs for transportation of any of those students to California state schools or to school districts other than their own shall be charged to the special education subprogram, transportation, by one of the following methods:
   a. Actual charges from the bus contractor or actual costs computed by the school district
   b. Fixed rate per mile, based on prior year costs or estimated costs for the current year, multiplied by the number of miles per day for each program, multiplied by the number of school days
   c. Fixed rate per mile, plus hourly charges, multiplied by the number of miles per day for each program, multiplied by the number of school days
3. Other transportation, *not* home-to-school, such as transportation to athletic events, delivery of regional occupational program students to place of employment, and transportation from school to school shall be charged as in (2).
4. The remaining transportation charges (home-to-school costs for the district preformal, elementary, secondary, and regional occupational centers or programs; educable mentally retarded students; and educationally handicapped students) are distributed as follows:
   a. Divide the total remaining transportation costs by the total number of students transported.
   b. Multiply the rate obtained in substep 4(a) by the number of students transported in each category.
   c. Transfer these amounts as direct support charges to the various programs involved.

No residual costs will remain in this support service to be distributed as indirect costs.

SPECIAL NOTE: All charges for transportation services to organizations outside of the district, such as parent-teacher associations, recreation districts, senior citizen groups, and so forth shall be abated to the transportation program by the use of a contra account. These charges are based on the methods indicated for field trips in step (1).

Auxiliary Programs

Community services. Community services shall never be distributed as direct support charges; however, this program shall receive direct support charges, such as custodial service, utilities, maintenance service, and instructional media supplies and charges, if applicable, from the facilities acquisition and construction program.

Food services. Donor-authorized food services expense shall be a direct charge to the special project. Food services expenditures that are district contributions for special projects shall be distributed as direct support costs to the projects. All other expenditures shall remain in the food services program. However, this program shall receive direct support charges, such as custodial services, utilities, and maintenance of equipment.

Facilities acquisition and construction. Expenditures charged to the facilities and construction program are distributed as direct support charges only to community services and adult education programs, if applicable, or to donor-authorized site acquisition and/or construction of a facility for a special project.

Indirect Support

Each school district and office of the county superintendent of schools shall allocate indirect costs to all instructional programs, special projects, and auxiliary programs. The following method shall be used to allocate the indirect costs:

1. Total the remaining costs in all the support programs except special projects and other outgo.
2. Total the direct and direct support costs of the instructional programs, special projects, and auxiliary programs.
3. Divide the total determined in step (1) by the total in step (2), and carry to six decimal places.
4. Apply the rate obtained in step (3) to the total of the direct and direct support costs of each instructional program, special project, and auxiliary program.

NOTE: The state reporting requirements are shown in Exhibit I-E on pages I-20 and I-21. A work sheet showing samples of the distribution of direct support and indirect costs is shown on pages III-20 and III-20A.

Interprogram Charge and Credit Transfer Process

An interprogram charge and credit transfer process is to be used to transfer direct support charges from the support service programs to the instructional programs, special projects, and auxiliary programs. This transfer can be identified or coded in several ways, particularly for electronic processing. Four ways are given here which may be used to transfer, for example, salaries of elementary principals, vice-principals, and clerks; employee benefits; and office supplies from school administration to direct support costs of the general education elementary program.

Example 1. Use object of expenditure classification 5900, ***Interprogram Charges and Credits for Direct and Indirect Support Services:***

5910 General Education, Elementary (School Administration) *(debit)*
5990 School Administration (General Education, Elementary) *(credit)*

Example 2. Establish a direct support code using the first two digits of the object code with 98 as the last two digits for the debit and 99 for the credit:

1298 General Education, Elementary (School Administration) *(debit)*
1299 School Administration (General Education, Elementary) *(credit)*

Example 3. Establish a direct support code using the first two digits of the object code with an alpha notation for the last two digits, such as DD for the debit and DC for the credit:

12DD General Education, Elementary (School Administration) *(debit)*
12DC School Administration (General Education, Elementary) *(credit)*

Example 4. Use a code system preceding the object of expenditure, and assign code numbers to

each type of support program and the respective debit and credit codes as follows:

0100 Special Projects
- 0110 *Debit*
- 0115 *Credit*

0200 Instructional Support
- 0210 Instructional Administration–*Debit*
- 0215 Instructional Administration–*Credit*
- 0220 Instructional Media–*Debit*
- 0225 Instructional Media–*Credit*
- 0230 School Administration–*Debit*
- 0235 School Administration–*Credit*

0300 Pupil Services
- 0310 Attendance/Welfare–*Debit*
- 0315 Attendance/Welfare–*Credit*
- 0320 Guidance/Counseling–*Debit*
- 0325 Guidance/Counseling–*Credit*
- 0330 Health–*Debit*
- 0335 Health–*Credit*

0400 General Support
- 0410 District Administration–*Debit*
- 0415 District Administration–*Credit*
- 0420 Maintenance–*Debit*
- 0425 Maintenance–*Credit*
- 0430 Operations–*Debit*
- 0435 Operations–*Credit*
- 0440 Transportation–*Debit*
- 0445 Transportation–*Credit*

0500 Auxiliary Support
- 0510 Community Services–*Debit*
- 0515 Community Services–*Credit*
- 0520 Food Service–*Debit*
- 0525 Food Service–*Credit*
- 0530 Facility Acquisition and Construction –*Debit*
- 0535 Facility Acquisition and Construction –*Credit*

This method will help to identify the source of the transfer along with a brief description of the action:

0230 General Education, Elementary (School Administration) (*debit*)

0235 School Administration (General Education, Elementary) (*credit*)

Indirect Costs Distribution

Only the methods illustrated in Example 1 and Example 4 can be used to distribute the indirect costs. In Example 1, change the description in codes 5910 and 5990 to Indirect Costs. Example 4 requires the addition of codes 0600, Indirect Costs; 0610, Indirect Costs–Debit; and 0615, Indirect Costs–Credit. In either case all the instructional programs, special projects, and auxiliary programs *shall* be debited in the manner as described for computing the indirect costs as illustrated on page III-18, and each support program (instructional support, pupil services, and general support) shall be credited with the remaining amount after all direct support charges have been allocated.

SPECIAL NOTES: (1) Regardless of the examples followed, the interprogram charges and credits transfer accounts are not budgetary accounts but are *transfer* accounts and must always have a debit and a credit transaction so that the account balance is always *zero*. (2) Regardless of whether a hand method or a mechanical accounting method is employed, separate totals of debits and credits must be maintained in each program.

	Direct costs	Direct support costs–in	Direct support costs–out	Total direct and direct support costs	Indirect support costs 0.047425	Program costs before distribution of special project costs	Special project support costs	Total
	1	2	3	4	5	6	7	8
INSTRUCTIONAL PROGRAMS								
General Education								
Preformal	$ 4,050	$ 9,200[abcde]	–	$ 13,250	$ 628	$ 13,878	$ 36,273[m]	$ 50,151
Elementary	3,509,000	262,500[abcdfgh]	–	3,771,500	178,863	3,950,363	55,177[m]	4,005,540
Secondary	2,187,000	218,000[abcdfhj]	–	2,405,000	114,057	2,519,057	11,000[m]	2,530,057
Regional Occupational Centers (ROC) or Programs (ROP)	850,000	25,000[abchk]	–	875,000	41,497	916,497	1,500[m]	917,997
Adult	33,300	9,000[acfh]	–	42,300	2,006	44,306	1,500[m]	45,806
Special Education								
Physically Handicapped								
Special Day Classes	819,000	2,000[abc]	–	821,000	38,936	859,936	4,190[m]	864,126
Educationally Handicapped								
Special Day Classes	272,500	7,300[abcd]	–	279,800	13,270	293,070	3,142[m]	296,212
Transportation								
PH/TMR/Autistic	–	5,500[d]	–	5,500	261	5,761	–	5,761
Total	7,674,850	538,500	–	8,213,350	389,518	8,602,868	112,782	8,715,650
SUPPORT SERVICE PROGRAMS								
Special Projects								
ESEA, Title I, Preschool	25,675	–	–	25,675	1,218	26,893	(26,893)[m]	–
Miller-Unruh Basic Reading Act	22,000	–	–	22,000	1,043	23,043	(23,043)[m]	–
Comprehensive Employment and Training Act (CETA)	60,000	–	–	60,000	2,846	62,846	(62,846)[m]	–
Total	107,675	–	–	107,675	5,107	112,782	(112,782)[m]	–
Instructional Support								
Instructional Administration	27,000	–	(10,000)[g]	17,000	(17,000)	–	–	–
Instructional Media	38,000	10,000[j]	(5,000)[k]	43,000	(43,000)	–	–	–
School Administration	75,000	–	(75,000)[f]	–	–	–	–	–
Pupil Services								
Attendance/Welfare	18,000	–	(18,000)[e]	–	–	–	–	–
Guidance/Counseling	21,000	–	(21,000)[h]	–	–	–	–	–
Health	39,000	–	(39,000)[b]	–	–	–	–	–
General Support								
District Administration	200,000	–	–	200,000	(200,000)	–	–	–
Maintenance	145,000	–	(55,000)[j]	90,000	(90,000)	–	–	–
Operations	299,000	–	(247,000)[c]	52,000	(52,000)	–	–	–
Transportation	97,500	–	(97,500)[d]	–	–	–	–	–
Total	959,500	10,000	(567,500)	402,000	(402,000)	–	–	–

	Direct costs	Direct support costs—in	Direct support costs—out	Total direct and direct support costs	Indirect support costs 0.047425	Program costs before distribution of special project costs	Special project support costs	Total
	1	2	3	4	5	6	7	8
AUXILIARY PROGRAMS								
Community Services	30,000	10,000[c]	–	40,000	1,897	41,897	–	41,897
Food Services	31,500	10,000[c]	(1,000)[e]	40,500	1,921	42,421	–	42,421
Facilities Acquisition and Construction	75,000	–	–	75,000	3,557	78,557	–	78,557
Total	136,500	20,000	(1,000)	155,500	7,375	162,875	–	162,875
District total	$ 8,878,525	$ 568,500	($ 568,500)	$ 8,878,525	–	$ 8,878,525	–	$ 8,878,525

NOTE: Column 1 shows all the direct charges by each program. The various direct support costs are distributed by the use of interprogram charges and credit transfers.

a. Pupil services (attendance/welfare distributed by average daily attendance plus actual cost at the secondary level): Debit preformal $700, elementary $5,000, secondary $10,000, ROC/ROP $1,000, adult $500, special education physically handicapped $500, and educationally handicapped $300; and credit attendance/welfare $18,000.

b. Pupil services (health distributed by a.d.a.): Debit preformal $500, elementary $23,500, secondary $12,500, ROC/ROP $1,000, special education physically handicapped $500, and educationally handicapped $1,000; and credit health $39,000.

c. Operations (to charge custodial salaries, employee benefits, supplies, and utilities): Debit preformal $5,000, elementary $125,000, secondary $75,000, ROC/ROP $15,000, adult $5,000, physically handicapped $1,000, educationally handicapped $1,000, community services $10,000, and food services $10,000; and credit operations $247,000.

d. Transportation (distributed on an actual cost basis): Debit preformal $2,000, elementary $50,000, secondary $35,000, educationally handicapped $5,000, and special education transportation $5,500; and credit transportation $97,500.

e. Food services (charges to preformal for meals for needy pupils): Debit preformal $1,000 and credit food services $1,000.

f. School administration: Debit elementary $45,000, secondary $27,000, and adult $3,000; and credit school administration $75,000.

g. Elementary education: Debit elementary $10,000 and credit instructional administration $10,000.

h. Pupil services (guidance/counseling distributed by actual cost): Debit elementary $4,000, secondary $13,500, ROC/ROP $3,000, and adult $500; and credit guidance/counseling $21,000.

j. Maintenance: Debit instructional media $10,000 for the maintenance of equipment; debit secondary $45,000 for repairing the grandstands and the sprinkler system and replacing a major portion of the turf at the high school athletic field; and credit maintenance $55,000.

k. Instructional media (charges for the use of special films, filmstrips, and equipment): Debit ROC/ROP $5,000 and credit instructional media $5,000.

m. Distribution of the special projects: Debit preformal $26,893 and credit ESEA preschool $26,893; debit elementary $23,043 and credit Miller-Unruh $23,043; debit preformal $9,380, elementary $32,134, secondary $11,000, ROC/ROP $1,500, adult $1,500, physically handicapped $4,190, and educationally handicapped $3,142; and credit CETA $62,846.

Figure III-2. Illustration of Direct Support Charge Allocation, Indirect Support Cost Allocation, and Special Project Cost Allocation

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